

## **ECONOMIC DEVELOPMENT COMMITTEE**

**DATE:** July 15, 2004

**CALLED TO ORDER:** 5:06 p.m.

**ADJORNED:** 6:06 p.m.

### **ATTENDANCE**

#### ATTENDING MEMBERS

Joanne Sanders, Chair  
Patrice Abduallah  
Lonnell Conley  
Mary Moriarty Adams  
Marilyn Pfisterer  
Isaac Randolph

### **AGENDA**

ECONOMIC DEVELOPMENT PRESENTATION: Melina Kennedy, City of Indianapolis  
Economic Development Director. Presentation on recent Economic Development activity  
in the City of Indianapolis.

## **ECONOMIC DEVELOPMENT COMMITTEE**

The Economic Development Committee of the City-County Council met on Thursday, July 15, 2004. Joanne Sanders, Chair called the meeting to order at 5:06 p.m. with the following members present: Patrice Abdualлах, Lonnell Conley, Mary Moriarty Adams, Marilyn Pfisterer and Isaac Randolph.

Chair Sanders called the meeting to order and stated that the committee did not have voting business on the agenda but there would be guest presentations.

ECONOMIC DEVELOPMENT PRESENTATION: Melina Kennedy, City of Indianapolis Economic Development Director. Presentation on recent Economic Development activity in the City of Indianapolis.

Chair Sanders said that Melina Kennedy would give the Council an update on Economic Development activities in the City.

### Simon Headquarters Project

Ms. Kennedy said there are two major and exciting economic development projects happening in the City of Indianapolis. She said the first project is the Simon Headquarters Project and John Rulli, Chief Administrator and Operating Officer for Simon Property Group, will join in the presentation. She said Patrick Dooley, Director of the Airport, would present the second project. Mr. Dooley will discuss the former United Airline Facility, now the Indianapolis Maintenance Facility, and the new tenant that the Airport Authority, City and State recruited to locate in the facility. Ms. Kennedy said the new airport tenant would provide hundreds of jobs.

Ms. Kennedy said the Simon project is a terrific opportunity for Downtown to retain a headquarters that any other City would die to have. She said that it would keep over 800 employees in the downtown area. She said it is a project where the company is willing to commit millions of dollars, approximately \$50M, to the project. She said that showed a significant commitment that they will be in the City for the long-term. Ms. Kennedy said it is an opportunity to take what is currently an open space and enhance it by adding the building on a very small portion of the space and work to preserve the remainder as open space.

Ms. Kennedy said the Capital Improvement Board (CIB) owns the land at issue and according to CIB's legal counsel the land is not currently protected as open space, so it could be developed. She said as part of the project, CIB would transfer the land and work with the company to accommodate the Simon Headquarter on a small portion. Legal protection will be put in place for the long-term for the remaining land to be committed to open space.

Ms. Kennedy said it is important to note the impact of having a world headquarters like Simon in the downtown area. She said there are an estimated 800-900 employees spending approximately \$3.5M annually. This is important to downtown businesses, such as the mall, which relies heavily on downtown patrons as well as convention visitors. She said the project will bolster Center Township's tax base over the long term. Currently, the property does not generate taxes. In addition to the \$50M investment from Simon there will be hundreds of thousands of dollars per year in new taxes generated that were not previously on the books.

Ms. Kennedy said financing for the project is tied to the new increment in the downtown area. The new increment associated with the new building will generate funds as well as other downtown development that will support the bond issue which has already gone through the Indianapolis Economic Development Commission (IEDC), the Metropolitan Development Commission and the Metropolitan Development Committee. She said the City is supporting a 10-year tax abatement. The abatement is not an exemption because the company will still pay, over the 10-year period, approximately \$3.5M. She said once the abatement runs out after 10 years, it is estimated that property taxes will be about \$700,000 per year.

Ms. Kennedy said John Rulli from Simon was the lead negotiator on the project for Simon and he would give an update on the project from Simon's perspective.

Mr. Rulli said Simon is pleased about the prospect of building their worldwide headquarters on Capital Commons which is across the street from where the company has been for the last 25 years. He said it is important to make the project happen, and it is the first time Simon will own real estate in which offices will be housed. He said ironically, being in the real estate business and having property in 38 states, it is remarkable that they have yet to build a corporate headquarters. Mr. Rulli said for the last 15 years Simon has looked at owning a corporate headquarters.

Mr. Rulli said the new building is approximately 300,000 square feet. He said it will give Simon about 50,000 square feet of expandable space. He said today Simon has 844 employees and over the course of 2004 they will be adding another 60 employees. He said previous information provided to the various City organizations had numbers that were lower, but Simon had a recent acquisition and did some expansion. Mr. Rulli said they are in the process of filling a number of jobs that are above and beyond the 2004 budgets, so the population is growing at a rapid rate. He said Simon takes between 1400 – 2000 hotel room nights per year for national retailers coming to visit the headquarters. Mr. Rulli said they try to get many of the retail deals done in Indianapolis versus the conventions that take place in various cities around the country. Having 48 properties in 8 countries, with high prospects for China, no one knows what that could mean for the City of Indianapolis in terms of exposure around the world. Mr. Rulli said they would like to have a showcase building to show national retailers, vendors and partners.

Mr. Rulli said the building is going to be as high as the National City Center Building and could be potentially as high as the top of the restaurant (Eagles Nest). He said they tried to situate the building so that it would be on minimum footprint with the thought of preserving as much of the park and its esthetic value as possible. He said there are thirteen building scenarios in the design and they are working hard to create a building that will do a number of things that will allow pedestrians to experience both ends of the green space by having a view through the building. He said the building will be three levels at the lobby. He said the building will be on the northeast section of Capital Commons and will allow for a view from the main entrance of the Convention Center to the State Capitol Building. The vista that everyone wants will be preserved. This was another reason to locate the building to the far northeast corner.

Mr. Rulli said when they studied where to put the building the northeast was the best location to preserve the value of the park. He said they have gotten a lot of feedback and challenges from people to look at other options. But after a lot of research and thirteen architects going through the information, it was obvious to Simon that Capital Commons was the best location.

Mr. Rulli said the project is very expensive for Simon, in the area of \$50M. He said when they analyzed where to put the building they had three sets of objectives and looked over two years at twenty-four possible sites. One was a building that was economically and financially viable. Some sites are more expensive than other sites and Simon wanted the location downtown and wanted it to be suitable to the shareholders and employees. Mr. Rulli said the project continues to grow in scope. Design changes to accommodate the park and public are very expensive. He said Simon has an \$18M premium they are putting on the project to stay downtown, and Mr. Rulli said Simon is making a big investment to stay downtown. He said they predict they will put between \$6M - \$7M into the reconstruction of the parking deck. He said when you put \$7M into a deck and compare that to free parking during the day for 475 people, investing that money into Simon stock alone pays dividends that will pay for the parking. Therefore, it is a trade off. It is Simon's contribution to the site in return for the City providing Simon with parking. Mr. Rulli said it is a fair deal on the part of Simon and the City. He said CIB also stepped up to make the project work. Mr. Rulli said the project has been creatively structured and a lot of hard work was done to make it happen.

Mr. Rulli said the building is going to be approximately fourteen floors. He said Simon wants to put a façade on the building which has a reflective capability, both on the front center section and back section. On the front section of the building, with a rounded glass façade that is tilted somewhat as you are coming down Capitol Street, you can see the reflection of the Statehouse Dome. From the back of the building with the southern exposure, it is more difficult to get a reflection because of the sunlight, but it will have some of the reflectivity of the greenspace. Visually, from both the pedestrian perspective and from other buildings, it creates some harmony for the site.

Mr. Rulli said they are behind on the design project because of challenges and Simon had hoped to have something to show the City by now. He said they expect to have something in the next two weeks with more specifics on how the building will be done in terms of structure and façade. He said there are certain things they know which will not change such as the lobby layout.

Ms. Kennedy said there were a few people in the audience she wanted to recognize. Amy Kosnoff an attorney with Baker & Daniels and counsel to the Bond Bank, Kobe Wright in-house attorney and counsel to the Bond Bank, Bob Clifford director of the Bond Bank and Tamara Zahn president of Indianapolis Downtown, Inc. She said the Bond Bank team is available to answer specific questions about financing.

Councillor Moriarty Adams asked if it would be one building. Mr. Rulli said they have a unique architectural façade. He said the building will have three components, but it is really a rectangular building and functions that way. It will appear to be three structures connected into one. He said at the top of the building, in the front and back, there will be glass atriums that will be conference rooms and boardrooms which will be illuminated at night. Mr. Rulli said with the use of limestone and glass it will create a unique cap to the building by showing the towers. He said the tower on the right will be slightly higher than the tower on the left.

Councillor Randolph asked if the Economic Development Committee would see the final presentation of the building or another committee. Councillor Sanders said the committee could see a final presentation, but the action that has been taken on the part of the Council is not relative to approving the project overall. The involvement of the Council is the bond bank issue which is taken up by other committees. Councillor Randolph asked what the expected life cycle of the building is, are there plans for expansion and are there any expectations of growing out of the building. Mr. Rulli said that right now they have 56,000 excess square feet. He said as they looked at their growth rate over the last 10 years, they expect to grow out of the building in 5 – 7 years and maybe sooner. He said with National City Center across the street and One North Capitol, there are a number of buildings adjacent that they could go to for additional space. Right now they are in three different facilities. He said they have 150 people at West Washington Street and 160 people at Claypool Court. Mr. Rulli said they want to make the building a private corporate headquarters where they can have security in the building.

Councillor Randolph asked how many new jobs will be added. Mr. Rulli said in 2004, Simon indicated they would have 41 – 44 new jobs, but they are running at about 85 – 90 new jobs. He said they are executive, well-paid positions for management, project managers, engineers and lawyers. Mr. Rulli said this year Simon would probably hire about 90 people above and beyond the original plan. Mr. Rulli said when the budget is complete in September and October they will determine what the head count increase will be for the following year. In the past as few as 18 people per year to as many as 100 per year had been hired. He said they have been growing for some time.

Councillor Randolph asked for more details on the increment plan used for the project and if the Simon project is the only plan attached to the increment district. Ms. Kennedy said the project will not expand the boundaries of the current tax increment financing (TIF). She said the new increment from the project and other new projects in the TIF will be pledged to support the project. Mr. Clifford said the property is within the consolidated TIF district that was created in 1986 when Circle Center Mall was first being contemplated. He said it is a consolidated TIF because it was stretched to include Anthem, Emmis and the new Marriott Hotel. He said it circles around a lot of new development in downtown Indianapolis. Mr. Clifford said the life of the TIF will not be extended and his projections show it will amortize on the money borrowed for the project by 2020. Mr. Clifford said the current bonds would not be paid off until 2027 and 2029; therefore, it will not impact the length of the TIF.

Chair Sanders said there will be additional service staff, maintenance staff and things of that nature which Simon may not be able to project as far as new jobs created. She said when a project like Simon is built, in addition to their staff, other permanent jobs are created just to facilitate a new building in the downtown area. Chair Sanders said at some point the projections could include the numbers of indirect jobs created relative to the new building. She said there are also construction jobs that go along with creating the project.

Councillor Abdullah asked for the number of jobs that will impact minority participation. Mr. Rulli said Simon has committed to 10% minority business enterprise (MBE) and 3% women business enterprise (WBE) contracts. He said Conesco Fieldhouse and Circle Center Mall were similar commitments, but the amount spent for MBE/WBE was closer to 20%. He said they are in the process of talking to a local minority construction contract manager who worked with them on Conesco and Circle Center. The minority company will work with them on the Simon headquarters building. Mr. Rulli said the Simon business network, which is their business-to-business (B2B) inside Simon business network, has a minority-spend program as well. He said the minority construction company that will work on building the new headquarters is also going to work with Simon to expand their minority-spend program on new construction and annuities. Mr. Rulli said they have a major commitment to the minority community in more than just what is spent on construction and how they operate the malls, but also how they employ people throughout the entire organization.

Mr. Rulli said they are doing the project with under the Common Wage Law. He said Duke Realty Group is the builder, and they have agreed to use common wages and use the majority in labor. So a balance was made with their interest and Simon's interest. He said there are no employment numbers as it relates to the project. The number of minorities hired to work on the headquarters will be associated with the amount being spent, and it will not change Simon's population of people which is about 20 % minorities. Councillor Abdullah asked if it is 10% or 20%. Mr. Rulli said they have a 10% spend commitment to MBEs and 3% to WBEs but it will probably be close to 20%.

Councillor Sanders said it is a 10% minimum. Councillor Abdullah asked if minorities will be included at all levels of the project, for example lawyers. Mr. Rulli said they would be in every aspect.

Councillor Abdullah asked if the money is able to be put in other areas. Mr. Clifford said the Department of Metropolitan Development (DMD) has maps that will show where TIFs are in the City, and there are not many that have financing done on them. He said the Consolidated TIF has three pledges. He said the revenue is from all the property tax increments that have come in since the Consolidate TIF was started, and they are locked into the TIF district. When bonds were first issued in 1986 to start Circle Center Mall a senior pledge was given, meaning all revenue from the tax increment went to pay the mall first. In 1995 or 1997 the debt was refinanced and a junior lean was created because the first lean was too stringent on the new bonds. So, when money comes in, it pays the senior lean first, which is the oldest debt, and the second fees pay for the junior lean debt, which was for Emmis, Anthem, Marriott Hotel and some for Union Station. The junior subordinate lean is at the bottom.

Mr. Clifford said if any money is left it goes to the taxpayers stabilization account. Until \$20M is accumulated in the account, money cannot be taken out for other uses. He said that may not happen for several years. He said the problem is that it is accumulating and it sits until 2027 when all of the senior bonds are paid off.

Councillor Abdullah asked if that type of formula could be used to fund other types of development in the downtown area or if it would prohibit it. Mr. Clifford said it would depend on the project and the tax increments. He said, as an example, the Simon project almost funds itself with property taxes that will be paid once completed. If you factor in the 900 jobs that will support downtown restaurants, the mall and businesses that want to be close to Simon Headquarters, you can say the project will pay for itself over time. Mr. Clifford said there could be other projects like it as well, for example the Anthem jobs that were brought into the downtown area.

Councillor Pfisterer said she asked a lot questions to Ms. Kennedy and Mr. Rulli previously. She said it was a lot to assimilate and she did not feel a large level of comfort with some of the financing questions. She said Mr. Clifford was kind enough to take time out of his schedule to explain the economics of Indianapolis. She asked Mr. Clifford to explain the \$20M bond for the acquisition and development of the site and the other \$60M bond. She said she was intrigued by Mr. Clifford's explanation of the financing of the \$35M. Mr. Clifford said \$35M is already outstanding from the World Wonders Garage. It is a Key Bank note, which is a junior subordinate debt. It prohibits the Bond Bank from issuing more debt without Key Bank's permission and Key Bank has agreed to let the City refinance the \$35M debt and put \$25M on top of it for a total of \$60M. This is the external financing.

Mr. Clifford said on the internal financing there are two proposals because the Metropolitan Development Commission (MDC) is charged with economic development

for the City, so they are the ones that will be investing the money into the project. MDC cannot put money into a project they don't have ownership in. For example, the City put money into the World Wonders Garage but the MDC owns the property. MDC developed the property and let the investors in Circle Center Mall use the property. In the Simon project the City will buy the land but will not own the improvements that will be done to the garage itself. It will cost \$1.5M to acquire the garage and \$4M to assist with the redevelopment of the parking garage. The MDC will loan funds to the Economic Development Commission (EDC) who will then put the money into the project. It will be \$55M in total debt for the project.

Councillor Pfisterer asked if there would be a better rate of interest captured by refinancing TIF now. Mr. Clifford said that is correct and interest rates are still attractive. He said they would finance in two steps, one with a loan from Key Bank and another by fixing an interest rate. The rate will probably be 4.3% for one part and 3.5% for the other.

Councillor Sanders said she appreciated the information and looked forward to Mr. Rulli coming back to share more information.

#### Former United Maintenance Center

Councillor Sanders asked Mr. Patrick Dooley to come forward for his presentation. Mr. Dooley said after working with two marketing consultants in the last eighteen months, both consultants independently came up with similar analyses. The analyses said the maintenance center was too large for any single user. The entire American Airline fleet could be serviced out of the facility which has 797 aircraft and there would still be excess capacity. Therefore, it clearly pointed to a problem with the facility. Mr. Dooley said the building was constructed in a manner that allows it to be subdivided, and both consultants recommended that a multi-tenant approach be taken. They both suggested that the first phase should be to secure an anchor tenant and that is how AAR came into the picture. He said the second phase is to fill in the additional space with services that compliment, support or could stand independently of AAR's operation. Mr. Dooley said in order to do this, the Airport Authority had to agree to a different approach, specifically to lease the building and get rent payments. In this particular case, the Airport Authority agreed that BAA would manage, maintain and operate the facility including all of the permits. Mr. Dooley said there are numerous permits. He said they would also have to secure comparable tenants in the future and the Authority will fund the operating cost for unoccupied space during the leasing process. Mr. Dooley said the building would need to be modified.

Mr. Dooley said AAR is a publicly traded company on the New York Stock Exchange (NYSE) under the code AIR. AAR is ranked as the seventh largest nationally in man-hours billed for major repair and overhaul of aircraft (MRO) services. He said AAR is based in Wooddale, IL with its core business to buy, sell and lease airplane engines. It also sells airplanes. Mr. Dooley said prior to entering the agreement, AAR employed



2800 people throughout the world, and operated in 40 facilities in twelve countries. Some employees are unionized and some are not.

In 2003, AAR had sales of \$606M and recently recorded a third consecutive quarter of sales growth and profitability. They received the FAA's Certificate of Excellence in April 2004. Mr. Dooley said they feel the quality of AAR as a tenant will be superior.

During the eighteen-month period, the Airport Authority approached and had meetings with over 80 companies interested in the facility. Of those, there were three start-up companies and the remaining were established firms. Over 600 tours and meetings were conducted with the 80 companies in order to find an ideal tenant for the facility. Mr. Dooley said because of the global market it was narrowed down to about ten companies worldwide that could fill the niche of being an anchor tenant for the facility. At the time the contract was executed, there was not a line of people waiting by the door looking for a lease. Mr. Dooley said it was a difficult negotiation, partly because the industry is still suffering from the affects of 9/11, and the industry is being squeezed as the low cost carriers are pushing all airlines to reduce operating cost. The additional burden the airline carriers have is the rising cost of fuel.

Mr. Dooley said the lease with AAR is a ten-year term with a ten-year option. The term was done because it is important to show stable growth to stockholders since AAR is a publicly traded firm and when they sign contracts with airlines and other operations they can demonstrate long-term opportunities. Mr. Dooley said under the agreement, AAR must lease at least two bays and they could grow up to ten bays. He said AAR has control of ten bays. Mr. Dooley said they were given control of ten bays so they could begin their work and grow which is what the lease is designed to do.

Mr. Dooley said the base rent is \$2 per square foot plus \$6.20 per foot for additional rent. He said the combination of the two items was designed to cover the base cost on a per square foot basis. He said there is a gap until AAR fully occupies all ten bays and the balance of the space needs to be leased to make the financial model work. AAR will pay 33% additional rent for profits above 9.25% margins. The profit margins for the industry range from the 10% - 16%.

Mr. Dooley said the lease includes termination rights for the tenant and the Airport Authority. The Airport Authority's termination rights are centered on certain goals that AAR must achieve. AAR has targets for occupying bays and employment levels. The employment level must be 800 employees by the end of the ten-year period. If AAR leaves, it will have to pay the Airport Authority at least 50% of the targeted additional rent in any two-year period. It was a way to ensure AAR is aggressively working to run a profitable operation and contribute to the overall operating cost of the facility.

Mr. Dooley said there are incentives tied to the lease. They are a combination of grants, success fees and activation credits. The grants are tied to the tenant activating additional bays. As the tenant activates additional bays there is a grant they could get which is

designed to offset start-up costs and equipment purchases. The grants are all tied to physical assets, so any assets purchased through the grants become the property of the Airport Authority. Mr. Dooley said the success-fee is designed to help offset the cost of getting certified by the FAA and to get airlines to do business at the facility. He said one of the difficulties is getting the first, second or third customer. Mr. Dooley said in order to get major carriers to have their maintenance done in Indianapolis, AAR needs to go through a quality assurance test to become a preferred vendor. He said all of the major carriers in the U.S. require that any MRO provider must go through the process. He said it is an incentive to get carriers to bring equipment to the facility.

Mr. Dooley said the activation credits are designed to offset operation costs for increases for start-up of the various hangars. The credits are tied to the number of hangers that AAR uses. The credits are paid once per month as part of the rent. Mr. Dooley said there are expansion rights for AAR under the lease. AAR can expand into an additional 234,000 square feet of space which is called the back shop area. The back shop area is where composite work and interior work would occur for aircraft. He said the plan right now is to have a separate company operate the shop and they are in negotiations right now to lease the spot. Mr. Dooley said it is something that is desired and agreed to by AAR. He said AAR is looking forward to the other company being there to help support their services. Mr. Dooley said at some point in the future when AAR is up to four bays operating, they will have the right to expand into the back shop. He said the company that the Airport Authority is negotiating with on the back shop has agreed to the terms and conditions for AAR's use of the back shop.

Chair Sanders asked for the total number of bays. Mr. Dooley said there are twelve bays. He said every hangar should have two bays, but hangar four is really not a hangar. On the lower level of hangar four, which is a corner space, ground equipment maintenance is done. On the upper level, there is 27,000 square feet of office space. This is office space that AAR will occupy. AAR does not need 27,000 square feet for the operations right now but the Airport Authority hopes they will expand the types of services offered in Indianapolis and employ people beyond what is in the targets.

Chair Sanders said she was pleased to see the number of people who turned out for the Jobs Fair and hopes that some of the people who lost their jobs from United will be able to be employed in the area of their choice. Mr. Dooley said they had over 2,000 people apply at the Jobs Fair and prior to that they received over 800 resumes for ten management positions that were posted on the AAR website. He said many of the people who applied are employed currently. He said there were a large number of people who were unemployed, mostly related to airline mechanics and those are the folks that AAR has the highest interest in hiring right now. He said that AAR also has jobs throughout the world, so while we don't want to see people leave our community, there are opportunities for individuals to be employed. Mr. Dooley said one of the things that worked against Oklahoma City was that they have difficulty employing mechanics in their market. Ms. Kennedy said part of the marketing effort to get AAR was the availability of qualified workers.

Councillor Pfisterer said she has taken a tour of the facility with Dennis Rosenburgh, and he made a statement that the good and bad news is that we have a state of the arts facility, so she commended them for marketing the facility successfully. She asked if there was any goodwill left from United. Mr. Dooley said it is not necessarily a case of goodwill. He said we have a highly qualified workforce that is familiar with United Airline's standards of operation, procedure and equipment. He said when United Airlines left Indianapolis, they out-sourced their heavy maintenance throughout the world. United only outsourced for a one year period, so there is an opportunity for AAR to bid on future work for United Airlines. He said the current contracts that United has, expire December 31, 2004. January 1, 2005 is really the first opportunity to see if United Airlines will come back in terms of the maintenance center.

Councillor Pfisterer asked if preference would be given to local applications. Mr. Dooley answered in the affirmative.

Councillor Conley asked if they were looking for a conglomerate of small businesses to occupy the remaining space or several large businesses so there are only a few occupying the facility. Mr. Dooley said the balance of the space not leased includes two hangar bays (7A and 7B) and they are currently working with two airlines that have expressed an interest in the bays. He said they are very far in their negotiations with one of the airlines and they just started negotiations with the second airline. Mr. Dooley said the back shop space is configured into three workshop areas. He said they could operate with three entities there but the preference is to have one company to operate all the back shops because there are efficiencies in doing that. He said there are two other spaces. The supply warehouse is a facility they expect to lease separately, but there is the potential to lease collectively. The supply warehouse is 190,000 square feet. The office building is about 140,000 square feet. He said they have difficulty in leasing the supply building and the office building because the current bonds have tax restrictions on the types of uses that can be put in the building. Mr. Dooley said they are working through issues and methods to fill the building that will not violate the tax bond restrictions.

Councillor Conley asked if Jet Blue would come to Indianapolis. Mr. Dooley said Jet Blue is a phenomenal company. He said Jet Blue had originally indicated they would enter the Indianapolis market in 2005. However, given the current pressure on the industry, Jet Blue has moved the date back so they probably will not enter the Indianapolis market until 2006.

Councillor Abdullah asked if they would service smaller aircraft. Mr. Dooley said AAR includes in their business strategy potential maintenance of regional or small aircraft. He said the two airlines they are speaking with right now for hangars 7A and 7B focus on smaller aircraft. He said they will have a full range of aircraft types in the facility. Councillor Abdullah asked if there is an apprenticeship program. Mr. Dooley answered in the affirmative and said AAR is committed to an apprenticeship program. He said one of the approaches of most MRO providers is to have a stratified wage structure. United

used a single wage structure. He said AAR will have 10% MBE participation and 4% WBE participation.

Councillor Randolph asked for an explanation of the penalty clause. Mr. Dooley said the Airport Authority has the authority to terminate rights. He said there is a real partnership between AAR, the State, the City and the Airport Authority.

Councillor Moriarty Adams asked if the Council could get a tour of the facility. Mr. Dooley answered in the affirmative.

Mr. Dooley said there is a process that AAR has to go through to get a Part 1 certificate from the FAA. He said it could be done in 30-90 days. He said part of the certification was preparing manuals.

There being no further business, and upon motion duly made, the meeting was adjourned at 6:06 p.m.

Respectfully Submitted,

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Joanne Sanders, Chair

JS/csp